

DEPARTMENT OF HEALTH SERVICES

714/744 P STREET
SACRAMENTO, CA 95814



November 14, 1986

TO: All County Welfare Directors
All County Administrative Officers

Letter No.: 86- 64

SUBJECT: JANUARY 1987 SOCIAL SECURITY TITLE II AND TITLE XVI
COST OF LIVING ADJUSTMENTS (COLA) AND RELATED ISSUES

This letter is to provide you with the following:

- o Instructions for computing the January 1987 COLA for Title II (Retirement, Survivor's and Disability Insurance) benefits.
- o 1987 SSI/SSP cash grant levels.
- o The 1987 resource limit for both Medi-Cal and Pickle cases.
- o 1987 Pickle Disregard Computation Chart.
- o 1987 Medicare Part B Premium Increase to \$17.90.
- o The Federal Benefit Rate (FBR) to be used when determining Pickle Eligibility.

Title II (RSDI) COLA

The Social Security Administration (SSA) has advised us that effective January 1, 1987 the Title II COLA is 1.3 percent. This percent increase applies to all Title II beneficiaries. Therefore, in all Medi-Cal only cases with Title II income, the current benefit amount should be multiplied by 1.013 to compute the 1987 benefit amount.

For Medi-Cal only individuals who do not pay Medicare Part B premiums either because they are not eligible for Medicare or because they are entitled to Buy-In (in which case the state pays the Medicare Part B premium), the new benefit amount is rounded down to the nearest dollar. This computation will produce the Title II benefit amount to be used in computing the Medi-Cal share of cost for January 1987 and subsequent months. (Example: The current benefit amount is \$210; multiplying by 1.013 equals \$212.73; rounding down to the nearest dollar equals \$212.) This process is the same for Pickle eligibles who do not have a Medicare Part B premium deduction from their Title II benefit check.

For individuals who have their Medicare Part B premium deducted from their Title II benefit check a two step rounding down process must be followed to determine the new benefit amount. First, after the current gross benefit amount has been multiplied by 1.013 any cents remaining are rounded down to the nearest \$.10. Second, the 1986 Medicare Part B premium is subtracted and the remainder rounded down to the nearest dollar. This computation produces the net benefit amount used to compute the share of cost beginning January 1987. (Example: The current (December) check is \$400. Add the 1986 Medicare Part B premium of \$15.50 for a 1986 gross benefit amount of \$415.50; multiplying by 1.013 equals \$420.91 rounding to the next lowest increment of \$.10 produces \$420.90. This is the new 1987 gross amount to be used in column one of the MC 176M. The 1987 Medicare Part B premium has increased to \$17.90 which is then subtracted from \$420.90 producing \$403.00. This will be the January 1987 net benefit amount used to compute the share of cost.) A similar process is to be used when determining the amount of a Pickle person's Title II benefits subject to the disregard and the amount to be used when completing the "needs test" (Part I, DHS 7021). For a Pickle person the 1987 Medicare Part B premium amount is added to the gross Title II benefit amount but, is not subsequently subtracted. Using the above example the countable Title II income for a Pickle person is \$423.34.

It should be noted, as in previous years, the SSA applies the COLA to the actual, rather than the rounded benefit amount. This may result in a \$1.00 discrepancy in the Title II benefits for some beneficiaries and a \$1.00 understated share of cost.

In order to avoid the unnecessary expense of recomputing every Title II case subsequently identified as having an incorrect share of cost solely due to the COLA, counties are authorized instead to correct the share of cost the next time the budget is recomputed, when an income change is reported, or at the annual redetermination. Quality control errors are not cited when the discrepancy between the budgeted income amount and the actual income received by the beneficiary is less than \$5.00.

The Notice of Action you use should advise the beneficiary to contact his/her eligibility worker if the amount of Title II income computed by the county is different from the amount actually received in the January, 1987 check.

All cases with Title II income, including AFDC Medically Needy cases which contain Social Security Survivor's Benefits, must have the share of cost adjusted effective January 1, 1987. In

the past, the incorrect computation of Title II COLAs has been the source of federal quality control (QC) errors.

SSI/SSP Payment Levels

The SSI/SSP payment levels in effect from January 1, 1987 through December 31, 1987 are provided on the attached chart (Attachment 1). The county should use these figures in allocating income to or from the SSI/SSP recipient and the Medi-Cal MFBU effective January 1, 1987. These budget computations should be performed at the same time the Title II COLAs are being processed. These payment levels are also to be used effective January 1, 1987 for all Pickle eligibility determinations and redeterminations.

1987 Resource Limits

Effective January, 1987 the resource limit for both Medi-Cal only and Pickle eligibles is increased to \$1800 for one person and \$2700 for two. For Medi-Cal only the following also applies, as reflected in Title 22, CAC, Section 50420 and in Procedures Section 9.

Number of persons	Property Limit
3	\$2850
4	3000
5	3150
6	3300
7	3450
8	3600
9	3750
10 or more	3900

1987 Federal Benefit Rate (FBR)

Individual	\$340
Couple	510

1987 Pickle Disregard Computation Chart

Effective January 1, 1987 the attached chart (Attachment 2) is to be used when computing a Title II disregard amount for Pickle eligibles and applicants. The 1987 Disregard Computation Worksheet (DHS 7029) will be available to be ordered from the DHS Warehouse by December 29, 1986.

All County Welfare Directors
All County Administrative Officers
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Any questions concerning this letter should be directed to Kristi Banion at (916) 324-4961/ATSS 454-4961.

Sincerely,

Original signed by

Frank S. Martucci, Chief
Medi-Cal Eligibility Branch

Attachment

cc: Medi-Cal Liaisons
Medi-Cal Program Consultants

Expiration Date: December 31, 1987

SSI/SSP PAYMENT STANDARDS
JANUARY 1, 1987 - DECEMBER 31, 1987

SSI/SSP												
	Independent Living Arrangement			Household of Another			Independent Living Arrangement Without Cooking Facilities			Nonmedical Board and Care		
	Total	SSI (FBR)	SSP	Total	SSI (FBR)	SSP	Total	SSI (FBR)	SSP	Total	SSI (FBR)	SSP
<u>INDIVIDUAL:</u>												
Aged or Disabled	560	340	220	446.67	226.67	220	620	340	280	632	340	292
Blind	627	340	287	513.67	226.67	287	.....	.....	.....	632	340	292
Disabled Minor	444	340	104	330.67	226.67	104	.....	.....	.....	632	340	292
<u>COUPLE:</u>												
Aged or Disabled												
- per couple	1039	510	529	869	340	529	1160	510	650	1264	510	754
- per person	519.50	255	264.50	434.50	170	264.50	580	255	325	632	255	397
<u>BLIND:</u>												
- per couple	1221	510	711	1051	340	711	.....	.....	.....	1264	510	754
- per person	610.50	255	355.50	525.50	170	355.50	.....	.....	.....	632	255	377
<u>BLIND/AGED OR DISABLED</u>												
- per couple	1152	510	642	982	340	642	.....	.....	.....	1264	510	754
- per person	576	255	321	491	170	321	.....	.....	.....	632	255	377

1987
Department of Health Services
Current Year
Pickle Persons Title II Disregard Computation Chart

1987 Last SSI/SSP Check Received Between	Multiplier
1/86 and 12/86	0.0128
1/85 and 12/85	0.0425
1/84 and 12/84	0.0749
7/82 and 12/83	0.1062
7/81 and 6/82	0.1678
7/80 and 6/81	0.2516
7/79 and 6/80	0.3452
7/78 and 6/79	0.4042
7/77 and 6/78	0.4406
4/77 and 6/77	0.4717

Instructions
for
Current Year
Title II Disregard Computation Chart

This chart replaces and supersedes all previous Title II Disregard Computation charts. With this chart the disregard computation process is a one step process instead of the two step process previously required. The steps to be taken to use this chart are outlined below.

1. Determine the current benefit amount.
2. Determine when the last SSI/SSP check was received.
3. Multiply the current benefit amount by the multiplier for the time period the last SSI/SSP check was received.
4. The result is the amount to be disregarded.

1987 ISM VALUES FOR
COMPUTING PICKLE ELIGIBILITY

Individual Couple

VTR (not rebuttable)	\$446.67	\$869
PMV (rebuttable)	\$133.33	\$190

The VTR is the payment level to be used in situations 1 and 2 below. The PMV is the unearned income amount to be added in other situations. The following chart provides the method that must be used for determining Pickle eligibility for individuals and couples in various living arrangements.

HOUSEHOLD SITUATION
(LIVING ARRANGEMENT)

PRINCIPLE

- | | |
|--|---|
| 1. Living in household of another throughout a month and receiving food and shelter from someone in the household. | Reduce the applicable payment level by one-third (VTR). The VTR is the same as the payment level for a person "Living in the Household of Another". |
| 2. Living in household of another who is providing food and shelter and also receiving ISM from a third party. | Reduce the applicable payment level by one-third (VTR).
Exclude third party ISM. |
| 3. Living in own household (ownership or rental liability) and receiving ISM from someone outside the household. | Add Presumed Maximum Value (PMV) to other unearned income. |
| 4. Living in non-institutional care* situation or group home and receiving ISM from someone outside the household. | Add Presumed Maximum Value (PMV) to other unearned income. |
| 5. Living in household of another and receiving ISM from someone outside the household. | Add PMV. |

* All non medical institutions including those for education or vocational training. Also, see page 3 of ISM section.

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|--|---|
| 6. Living in a household where
deeming applies and receiving
ISM from someone other than
a responsible relative. | Add PMV. Add determined
value to deemed income. |
| 7. Living in household of another
and sharing partial or total
household expenses. | If pro rata share is contrib-
uted we use the SSI/SSP payment
level for a person in an
"Independent Living Arrangement".
If pro rata share is not con-
tributed add PMV. |
| 8. One member of an eligible couple
lives in the household of another
and receives both food and shel-
ter from the householder while the
second member lives in his/her
home or a non medical institution. | 1/6 of the FBR for a couple for
the person living in his/her
own household. (VTR) not rebut-
table.
1/6 of the FBR for a couple for
the person living in the house-
hold of another. (VTR) not
rebuttable. |
| 9. If the non institutionalized spouse
lives in any other situation. | 1/6 of the FBR for a couple plus
\$10. |
| 10. Paying less than current market ren-
tal value for shelter. | Add PMV unless criteria for
earned/unearned income is met.
(See ISM.) |